

DOGM
MINERALS PROGRAM
FILE COPY

LAW OFFICES OF
KIMBALL, PARR, CROCKETT & WADDOUPS
A PROFESSIONAL CORPORATION
SUITE 1300
185 SOUTH STATE STREET
POST OFFICE BOX 11019
SALT LAKE CITY, UTAH 84147
TELEPHONE (801) 532-7840

CLAYTON J. PARR

RECEIVED
MAR 29 1989

March 28, 1989

DIVISION OF
OIL, GAS & MINING

Brent S. Haacke, Manager
Valley Bank & Trust Company
185 South State Street
Salt Lake City, UT 84111

Re: Basic Manufacturing and Technologies of Utah, Inc./
Utah Division of Oil, Gas and Mining
Account Nos. _____ and _____

Dear Brent:

Enclosed are the following:

1. Letter Agreement among Valley Bank & Trust Company, State of Utah, Division of Oil, Gas & Mining, and Basic Manufacturing and Technologies of Utah, Inc. dated March 10, 1989, relative to Depository Account No. _____, Keigley Quarry Mine.
2. Letter Agreement among the same parties and of the same date relating to Account No. _____ Iron Mountain Mine.

The letters being transmitted are fully executed. Photocopies of these originals are being transmitted to Basic Manufacturing and Technologies of Utah, Inc. with this letter.

Mr. Paul Ludwig of Basic Manufacturing will make arrangements with you for transfer of the funds into the two accounts.

Brent S. Haacke
March 28, 1989
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Please let me know if you have any questions.

Very truly yours,

Ch
Clayton J. Parr

CJP/wc
Enclosures

cc: Wayne Hedberg (DOGM)
Robert Johnson
Lynn Hart
Roy Benson
Paul Ludwig



GENEVA STEEL

P.O. BOX 2500
PROVO, UTAH 84603

TELEPHONE: (801) 227-9000
FAX: (801) 227-9090

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March 10, 1989

Valley Bank & Trust Company
185 South State Street
Salt Lake City, UT 84111

State of Utah
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1230

Re: Depository Account for Basic Manufacturing and
Technologies of Utah, Inc., dba Geneva Steel Company
Account No. _____, Keigley Quarry Mine
Permit No. M/049/001

Gentlemen:

Basic Manufacturing and Technologies, Inc., dba Geneva Steel Company ("Geneva") has entered into a Reclamation Contract (the "Reclamation Contract") with the Division of Oil, Gas and Mining (DOGM) pursuant to which Geneva has agreed to provide bonding in the amount of \$505,000.00 to secure performance of reclamation of the Keigley Quarry Mine.

The purpose of this letter is to establish the basis for a depository account that will serve as collateral for the obligations of Geneva under the Reclamation Contract.

Accordingly, we request your agreement with the following:

1. Account # _____ at Valley Bank (the "Depository Account") will be operated and maintained exclusively for the benefit of DOGM.
2. Geneva will deposit the sum of \$505,000.00 into the Depository Account.

Valley Bank & Trust Company
March 8, 1989
Page 2

3. All interest accruing on the funds in the Depository Account shall be distributed monthly by Valley Bank to Geneva in accordance with instructions from Geneva.

4. Withdrawals from the Account may only be made by signature of the person purporting to be the Director of DOGM, verified by the Attorney General or any Assistant Attorney General of the State of Utah.

5. DOGM may make withdrawals from the Depository Account only as provided in the Reclamation Contract or as appropriate to effect an approved refund of all or part of the funds therein to Geneva, but Valley Bank shall have no obligation to establish whether any withdrawal of DOGM is permitted by the Reclamation Contract or otherwise.

6. Upon certification by DOGM of completion of reclamation by Geneva as provided in paragraph 5 of the Reclamation Contract or upon approval by the Board of a substitute bond, DOGM shall withdraw all funds in the Depository Account and make transfer thereof to Geneva.

If the foregoing provisions are satisfactory to you, please so indicate by signing the form of acceptance set forth below.

Very truly yours,

BASIC MANUFACTURING AND TECHNOLOGIES
OF UTAH, INC.

By
Its

Eugene J. Gallen
President & C.O.O.

ACCEPTED AND AGREED:

VALLEY BANK & TRUST COMPANY

By

Its

Date

St. Mark
Vice President
3/16/89

ACCEPTED AND AGREED:

UTAH DIVISION OF OIL, GAS
AND MINING

By

Its

Date

Dianne K. Nielson
Director
3/23/89